

ASX ANNOUNCEMENT 7 SEPTEMBER 2010

Innamincka 'Deeps' Joint Venture – Cooper Basin Project Update

Highlights:

- **Well bore imaging in Jolokia 1 has resulted in positive confirmation of fractures**
- **World first achieved in imaging the fractures at these pressures and temperatures**
- **Confirmation of hottest drilled Enhanced Geothermal System (EGS) geothermal well in the world**
- **Well completion operations continue**

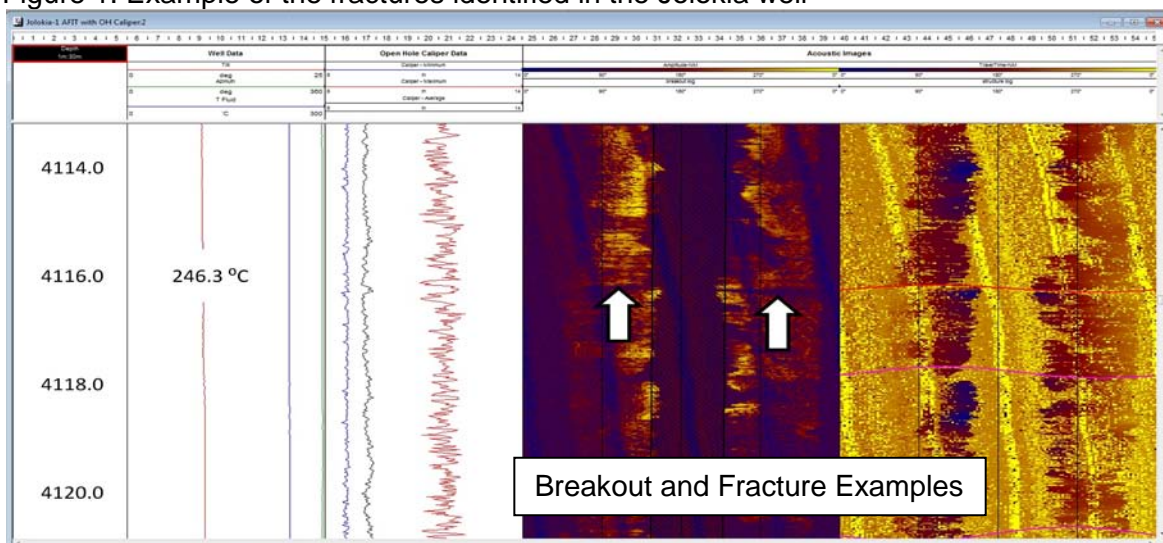
Geodynamics Limited, as Operator of the Innamincka 'Deeps' Joint Venture, is pleased to report that it has successfully identified fractures in the upper section of the granite in its Jolokia well at the Cooper Basin, using a purpose built imaging tool.

This is the first time that an imaging tool has been successfully deployed to log a well bore in the high temperature and high pressure conditions prevalent in the granite reservoirs of the Innamincka 'Deeps' Joint Venture. Geodynamics was able to obtain images in the upper section of the wellbore (Figure 1) and useful temperature data to a depth of 4,575m using the imaging tool. This data together with other data from drilling operations and logs is being used to evaluate the fracture network at depth in the Jolokia 1 well.

Logging results have revealed potential fractures deeper within the granite at higher temperatures which are believed to be comparable to the imaged shallower fractures and these will be targeted for stimulation to enhance the existing natural network of fractures and create an underground reservoir.

The logs also confirmed that the temperature at Jolokia is approximately 8 degrees hotter than the company's Habanero site (at the same depth), making Jolokia 1 the hottest EGS geothermal well in the world at this depth. Temperatures in Jolokia at 4,900 m are around 278 °C.

Figure 1: Example of the fractures identified in the Jolokia well




Well completion operations continue as the company progresses with its next major stage of work to hydraulically stimulate the identified fractures at Jolokia. The work currently being undertaken has two defined stages. These are to install a 7 " liner from the surface to the granite, followed by stimulation of the granite reservoir.

The hydraulic fracture stimulation program is now expected to be completed during October. This represents a short delay due to slower than expected progress in installing the 7" liner in the one-off completion at Jolokia and continued heavy rain in the region. In addition, the Company continues to take a measured and cautious approach to completing the well. An announcement will be made as soon as stimulation program results are available.

The successful stimulation of Jolokia and demonstration of key flow and temperature targets from the reservoir will represent a major validation point by demonstrating the Joint Venture's ability to stimulate the granite and thereby create an underground heat exchanger at a location 9 km away from the original site at Habanero. The fractured granite, once coupled with another well will then complete the demonstration of circulation as has been previously demonstrated at Habanero.

For further information please check our website (www.geodynamics.com.au) or contact Dr Jack Hamilton or Mr Paul Frederiks on + 61 7 3721 7500.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above the name of Dr Jack Hamilton.

Dr Jack Hamilton
Managing Director

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About Innamincka 'Deeps' Joint Venture

Participants in the Innamincka 'Deeps' Joint Venture, which focuses on higher temperature Enhanced Geothermal Systems (EGS) greater than 3,500 m depth are:

Geodynamics Limited (Operator) – 70%
Origin Energy Geothermal Pty Ltd* – 30%

About Innamincka 'Shallows' Joint Venture

Participants in the Innamincka 'Shallows' Joint Venture which focuses on exploration of shallow Hot Sedimentary Aquifers (HSA) above approximately 3,500 m depth are:

Origin Energy Geothermal Pty Ltd* (Operator) – 50%
Geodynamics Limited – 50%

*A wholly owned subsidiary of Origin Energy Limited (ASX: ORG)

About Geodynamics

Geodynamics is the leading Australian geothermal exploration and development company. Geodynamics possesses some of the best geothermal resources in the world and is rapidly developing technology to exploit the resource. Geothermal energy has the potential to be a critical element of Australia's future power generation and Geodynamics is at the forefront of development.

About geothermal energy

Geothermal energy offers the prospect of zero carbon, base-load energy generation. "Zero carbon" means that no carbon dioxide (CO₂) will be emitted when generating energy. This is different from some other forms of 'renewable' energy, which still result in significant CO₂ emissions. "Base-load" means that power is available 24 hours a day, 7 days a week, all year round, and therefore can be used to meet energy needs at any time. This is a significant advantage compared to a number of other zero-carbon technologies that are more intermittent (such as wind, wave and solar power).

Geothermal energy produced from hot fractured rocks, also known as Engineered or Enhanced Geothermal Systems (EGS), is generated by special high heat producing granites located 3km or more below the Earth's surface. The heat inside these granites is trapped by overlying rocks which act as an insulating blanket. The heat is extracted from these granites by pumping water through fractures in the granite and bringing the hot water to surface. Geodynamics believes that energy produced using EGS technology is capable of generating base-load power at a cost that will be very competitive with other energy sources (both low carbon and otherwise).

Geodynamics is also working to exploit the lower grade, hot sedimentary aquifers at shallower depths. While hot sedimentary aquifers have lower temperatures than EGS, and hence lower power conversion efficiency, the shallower nature of these resources render them more readily accessible with simpler technology and therefore may be more rapidly commercialised.